

FISCAL NOTE

SB 3273 - HB 3688

February 6, 2008

SUMMARY OF BILL: Extends currently authorized job tax credits to certain high-tech businesses that employ or align with core competencies of the state's research institutions, and certain businesses which are located in federally designated empowerment zones. Such tax credits can be used against a taxpayer's franchise and/or excise tax liability, when such taxpayer has made a minimum capital investment and created a specific number of new jobs in Tennessee.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – Exceeds \$250,000

Other Fiscal Impact - If future taxpayers are eligible for such tax credit as a result of this legislation, but would not have been under current law, there would be an unknown amount of foregone state revenue in future years. In addition, there could be subsequent economic growth and business activity that may aid the state growing its tax base. However, such impact is indirect and not quantifiable for the purpose of this fiscal note.

Assumptions:

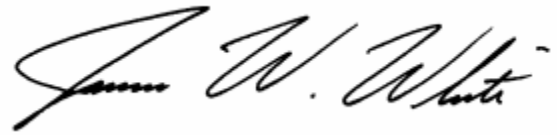
- Tennessee has one federally designated empowerment zone as specified by the U.S. Department of Housing and Urban Development. Such zone is located in the Knoxville area and encompasses approximately eight zip codes.
- The fiscal impact of this bill is dependent upon multiple unknown factors such as the number of taxpayers located in the federally designated empowerment zone that will become eligible for such tax credits, the number of high-tech businesses located elsewhere that will become eligible for such tax credits, and the net number of new jobs each will create. Therefore, a precise fiscal impact for this bill cannot be determined. However, it is reasonably expected that some existing taxpayers would qualify for such tax credits, and state revenue would decrease by an amount exceeding \$250,000 per year.

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- In addition, there could be substantial foregone state revenue if future taxpayers are eligible for such tax credit as a result of this legislation, but would not have been under current law.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible, and "W." in the middle.

James W. White, Executive Director

/rnc